ORIGINAL



300 PREPARED DIRECT TESTIMONY OF 1 **RON KOZOMAN** 2 ON BEHALF OF 3 LAS QUINTAS SERENAS WATER COMPANY 4 5 IN DOCKET NOS. W-01583A-04-0178, W-01583A-05-0326 6 AND W-01583A-05-0340 7 8 9 10 11 12 13 14 15 16 17 **DIRECT TESTIMONY** 18 RONALD L. KOZOMAN 19 DOCKET NOS. W-01583A-04-0178, W-01583A-05-0326 AND W-01583A-05-0340 20 **Q.1** PLEASE STATE YOUR NAME AND BUSINESS ADDRESS? 21 My name is Ronald L. Kozoman. My address is 1605 W. Mulberry Drive, Phoenix, A.1 22 Arizona 85015. 23 24 BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY? **Q.2** 25 A.2 I am self employed and provide consulting services to utility companies. 26

1	Table of Contents (Ron Kozoman)	
2		
3	Matter/ Issue Discussed Page(s)	
4 5	Purpose of Testimony 2-3	
6	Identification and Description Of Exhibits	3
7	Explanation of Exhibit A-9	3-4
8 9 10	Explanation of Proposed Arsenic Cost Recovery Mechanism and Annualized Arsenic Treatment Operating Expense (Includes Explanation Of Exhibits A-10, A-11, and A-12)	
11	4-9	
12	Explanation of Exhibit A-13 8-9	
13	Discussion of Possible Loan from Water Infrastructure Financing Authority of Arizona	
14	Thanenig Tawaray of Angelia	
15		
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Q.3 HAVE YOU PREPARED A RESUME OF YOUR PROFESSIONAL EDUCATIONAL AND WORK EXPERIENCE?

A.3 Yes. A copy is attached as Appendix A to this testimony.

Q.4 WOULD YOU BRIEFLY SUMMARIZE YOUR UTILITY REGULATORY EXPERIENCE?

A.4 Yes. I was employed by the Illinois Commerce Commission ("ICC") from 1977 to 1981 in various accounting and management positions. While with the ICC, I testified as the ICC Staff's expert witness on cost of capital, rate base and operating income in rate cases involving Commonwealth Edison Company, Illinois Bell Telephone, and other major Illinois utility companies.

I was first retained by the Arizona Corporation Commission ("Commission" or "ACC") in 1981 as a consultant to prepare Commission Staff's cost of capital testimony for the Southwest Gas Corporation and Southern Union Gas Company rate cases. I later became Chief Rate Analyst for the Commission. As Chief Rate Analyst, I was responsible for supervising all of the Commission's rate analysts and utility auditors. While with the Commission, I testified on cost of capital concerning Sun City West Utilities, Continental Telephone Company of California, and Mountain Bell Telephone (now Qwest), among others.

I have also testified as an independent consultant, on behalf of utility companies, utility consumers, and regulatory agencies. I was an instructor in the areas of public utility accounting and general regulatory practices for the National Association of Regulatory Utility Commissioners at its Annual Regulatory Studies Program, held at Michigan State University in East Lansing, Michigan. In years past, I taught Revenue

Requirements accounting, and Regulatory Accounting Methods, and Cost of Service, and rate design.

Q.5 ON WHOSE BEHALF ARE YOU TESTIFYING?

A.5 I am testifying on behalf of Las Quintas Serenas Water Company ("the Company" or "LQS").

A.6

Q.6 WHAT IS THE PURPOSE OF YOUR DIRECT CASE TESTIMONY?

I am providing testimony and exhibits in support of the Arsenic Cost Recovery Mechanism ("ACRM") for which LQS has requested authorization by the Commission in Docket No. W-01583A-05-0340. If approved, the ACRM would be added to those rates and charges for water service provide by the company, which were previously approved by the Commission in Decision No. 67455, which was issued on January 4, 2005 in Docket No W-01583A-04-0178. As indicated by LQS's policy witness, Mike Wood, the purpose of the proposed ACRM is to provide LQS with the means for recovering revenues which would enable it to service the long-term debt it is proposing to incur to finance certain arsenic-related capital improvements which have been recommended by its engineering consultant, WestLand Resources, Inc. That long-term debt is the subject of Docket No W-01583A-05-0326.

0.7 HAVE YOU PREPARED EXHIBITS THAT SUPPORT THE ACRM?

A.7 Yes. I have prepared Exhibit A-8, as marked for identification, which contains the results of Decision No.67455 and the ACRM revenues. Additionally I have prepared Exhibit A-9, which contains the proposed debt as to interest payments, principal payments and related income taxes on the principal payments. I have also prepared, as Exhibit A-10, certain schedules which annualize the customer base and the gallons sold during the 2003

test year, and show the impact based on average usage by customers. Finally, I have prepared, as Exhibit A-11, various schedules showing the monthly ACRM charges, the arsenic treatment charges on a per 1,000 gallon basis, and, as Exhibit A-12, schedules showing the impact on customers' bills.

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PLEASE EXPLAIN THE DATA CONTAINED IN EXHIBIT A-8. **Q.8**

A.8 This exhibit starts with revenues and expenses as found in Decision No. 67455. To these results, I have added the debt payments and income taxes on the loan principal payments for the arsenic-related capital improvements, along with the anticipated annualized expense of operating the arsenic treatment facilities, and the amortization of the loan origination fees.

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WHAT INCOME TAX RATE DID YOU USE TO COMPUTE THE INCOME **Q.9** TAXES BASED ON PRINCIPAL PAYMENTS?

A.9 I used the income tax rate from the rate case, which included an effective income tax rate for State of Arizona tax of 6.9680% and a Federal Income tax rate of 13.954% after deducting the State of Arizona tax rate (15.00% prior to State of Arizona tax rate of 6.9680%) or (15.00% x (1-6.968%)).

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Q.10 WHAT ARE THE TERMS OF THE LOAN YOU USED, AND WHAT DEBT DID YOU ASSUME?

A.10 I used a ten year amortized loan with an assumed interest rate of 8.00%. I assumed a debt of \$1,648,750. The origination fees are 3/4 of 1.00% plus \$300. The total origination $(0.75\% \times \$1,648,750 = \$12,366 + \$300 = \$12,667).$ fees are \$12,667. assumptions are all based on the September 2, 2005 Loan Commitment Letter from Commerce Bank of Arizona to the Company.

70.00

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1	1	3	125.00			
		4	225.00			
2			350.00			
3		6				
4		Standpipe	10.10			
5						
6	Q.15	WHAT ARE THI	E PROPO	SED ACRN	1 CHARGES	S TO SERVICE THE DEBT,
7		AND OVER WHA	T CUSTO	OMER BASE	E ARE THE	CHARGES SPREAD?
8	A.15	I used the customer	rs at the er	nd of the test	year, namely	September 30, 2003. Thus, the
9		customer base has	been annua	alized to the	year end nun	nber of customers. The monthly
10		charges for the ACI	RM charge:	s by meter siz	ze are:	·
11				_		
12		Meter <u>Size</u>	ACRM Charges			
13		5/8 x 3/4	\$ 21.99)		
14		3 / 4	32.98	3		
15		1	54.97	7		
16		1 1/2	109.95	5		
17		2	175.92	2		
18		3	351.83	3		
19		4	549.74	4		
20		6	1,099.48	8		
21		Standpipe	21.99)		
22						
23		Combining	the curren	nt monthly m	inimum and t	the ACRM charges results in the
24		following total mor	nthly charg	ges:		
25	:	Meter		Monthly	ACRM	Total Monthly
26		Size		<u>Minimum</u>	<u>Charge</u>	<u>Charge</u>

1	
2	
3)
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6	
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10	-
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16	A.
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5/8 x 3/4	\$ 10.00	\$ 21.99	\$ 31.99
3/4	22.50	32.98	55.48
1	25.00	54.97	79.97
1 1/2	55.00	109.95	164.95
2	70.00	175.92	245.92
3	125.00	351.83	476.83
4	225.00	549.74	774.74
6	350.00	1,099.48	1,449.48
Standpipe	10.10	21.99	32.09

Q.16 WHY DID YOU USE THE NUMBER OF CUSTOMERS AT SEPTEMBER 30, 2003, AND NOT THE MOST RECENT NUMBER OF CUSTOMERS?

A.16 There are a greater number of customers in 2005 than there were at September 30, 2003.

However, if I were to use the most recent number of customers, I would also propose a number of adjustments to other accounts.

It is my understanding that the Commission has allowed the Company's prior rate case to be re-opened only for the limited purpose of considering the proposed recovery of debt service and certain operating expenses associated with arsenic treatment.

If I were to use the most recent number of customers, I would also request the property taxes on the higher revenue, as the revenue requested in the instant case will cause property taxes to increase substantially, even with the decrease in the assessment

ratio. I would also request the increased costs associated with serving the increased number of customers, the power costs to serve the increased number of customers, and the cost of this proceeding,

Thus, to avoid going beyond the scope of the re-opening, I used only test year customers.

Q.17 WHAT IS THE ESTIMATED ANNUAL OPERATING EXPENSE ASSOCIATED WITH ARSENIC TREATMENT?

A.17 The estimated annual operating expense associated with arsenic treatment is \$21,000 for the initial year.

Q.18 HOW ARE THE ESTIMATED OPERATING EXPENSES ASSOCIATED WITH ARSENIC TREATMENT PROPOSED TO BE RECOVERED?

A.18 The operating expenses would be recovered on a per 1,000 gallons basis. The \$21,000, when spread over the <u>annualized</u> gallons from the test year of approximately 145,477,000 gallons, results in a charge per 1,000 gallons of \$0.14435229, which would be added to each tier from Decision No. 67455. Exhibit A-10, Page 3 shows the computation of the annualized gallons.

Q.19 DID YOU ADJUST INCOME TAXES FOR THE RECOVERY OF THE \$21,000?

A.19 No, as the revenue requirement and income tax taxes are done on an incremental basis.

Any additional expense does not affect the income tax from the prior case as long as the Commission allows the full expense to be recovered in revenues.

If the Commission allows the expense as part of the revenue component, the Commission would allow \$21,000, which does not change income taxes from the prior

\$ 11.65

\$ 21.65

\$ 10.00

5/8 x 3/4

26

1	i:	3/4	22.50	17.48	39.98	
2		1	25.00	29.13	54.13	
3		1 1/2	55.00	58.26	113.26	
4		2	70.00	93.22	163.22	
5		3	125.00	186.44	331.44	
6		4	225.00	291.31	526.31	
7		6	350.00	582.62	922.62	
8		Standpipe	10.10	11.65	21.75.	
9						
10	Q.22	IF THE COMPANY	CAN QUALIFY	FOR A WIFA	LOAN, WIL	L IT USE THE
11		LOAN FROM THE E	BANK AS A BRII	OGE LOAN;	AND, WILL TI	HE COMPANY
12		FILE WITH THE CO	MMISSION TO	LOWER THE	ACRM CHAR	RGE?
13						
14	A.22	The answer is "Yes" to	both of your quest	ions. The Com	pany would mal	ke an appropriate
15		filing with the Commis	ssion to lower the	ACRM charge	e to match the	terms offered by
16		WIFA.				
17						
18	Q.23	DOES THAT CONCL	LUDE YOUR DIR	RECT CASE T	ESTIMONY?	
19	A.23	Yes, it does.				
20						
21						
22						
23						
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	l					

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Las Quintas Serenas Water Company Income Statement Per Decision 67455 and With New Loan Test Year Ended September 30, 2003

Exhibit A-8

Witness: Kozoman

Line <u>No.</u> 1			ACC Decision o. 67455	Red	Revenue quirement or Loan Arsenic reatment <u>Plant</u>	Proforma Adjustment <u>Label</u>	Required evenues with <u>Loan</u>
2 3 4	OPERATING REVENUES Operation Cost for arsenic treatment Loan Origination Fee Amortization	\$	295,613	\$	269,734 21,000 1,267	(1) (2) (3)	\$ 565,347 21,000 1,267
5 6 7	Total Revenues	\$	295,613	\$	292,001	. (-/	\$ 587,614
8 9	Operating Expense including Income Tax		282,544		24.000	(4)	282,544
9 10	Arsenic Treament Operation & Maint. Exp. Loan Origination Fee Amortization				21,000 1,267	(4) (5)	21,000 1,267
11	Additional Income Tax due to Loan				29,687	(6)	29,687
12						(-)	
13							29,687
14	Total Operating Expense		282,544		51,954		 364,186
15 16							
17	Operating Income	\$_	13,069	\$	240,047		\$ 223,428
18							- Alexander - Alex

- 19 (1) Revenue requirement with income tax for Arsenic Treatment Plant Loan . Please see Schelude 20 D-2.
- 21 (2) Revenues for Operation & maintenance Expenses associated with Arsenic Treatment Plant.
- 22 (3) Loan Origination Fee Annual Amortization. Please Schedule H-3, Page 3.
- 23 (4) Estimated operating expense association with arsenic treatment.
- 24 (5) Amortization of loan origination fee. Please see Schedule H-3, Page 3.
- 25 (6) Additional income taxes on principal payments on arsenic treatment plant loan.

Las Quintas Serenas Water Company Computation of Revenue Conversion Factor Test Year Ended September 30, 2003

Exhibit Schedule C-3 Page 1 Witness: Kozoman

Line		
<u>No.</u>		
1	Compute Revenue Conversion Factor	
2	Effective State of Arizona Income Tax Rate	6.9860%
3	Effective Federal Income Tax Rate	13.95210%
4	$((106986) = 0.93014 \times .15)$	
5	Combined Income Tax Rate	20.9381%
6		
7	1 / (1-0.209381) =	
8	1 / 79.0619% =	1.2648317
9		
10	Revenue Conversion Factor used is	
11	ACC Staff's in Decision No.67455	1.26459000

Las Quintas Serenas Water Company Estimated Payments on Bank Loan to Acquire Arsenic Treatment Plant Assumed Bank Loan with 10 Year Repayment

Exhibit Schedule D-2 Page 1

Witness:	Kozoman
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	<u>Col. 1</u>	<u>Col. 2</u>	<u>Col. 3</u>	<u>Col. 4</u>	<u>Col. 5</u>	
Line No. 1 2	Assumed I 8.00%	_oan = Interest Rate			Term =	10 Years
3	Payment		Interest	Principal	Balance	
4	Number	<u>Payment</u>	Expense	<u>Payment</u>	1,648,750	
5	1	20,004	10,992	9,012	1,639,738	
6	2	20,004	10,932	9,072	1,630,665	
7	3	20,004	10,871	9,133	1,621,533	
8	4	20,004	10,810	9,194	1,612,339	
9	5	20,004	10,749	9,255	1,603,084	
10	6	20,004	10,687	9,317	1,593,767	
11	7	20,004	10,625	9,379	1,584,389	
12	8	20,004	10,563	9,441	1,574,947	
13	9	20,004	10,500	9,504	1,565,443	
14	10	20,004	10,436	9,568	1,555,875	
15	11	20,004	10,373	9,631	1,546,244	
16	12 _	20,004	10,308	9,696	1,536,549	
17	Totals	240,047	127,845	112,201	-	
18	Times Gross Up Income Tax Factor			1.26459	-	
19	Income Tax Effect of Principal Payment			141,889	-	
20	Total Revenues Requirement for Loan =				\$ 269,734	
21 22	(Col. 3, Line 17 + Col 4, Line 19)		19)			:

Las Quintas Serenas Water Company With 8.00% Loan Analysis of Revenue by Detailed Class Test Year Ended September 30, 2003

(a)

Exhibit Schedule H-2 Page 1 Witness: Kozoman

Percent of Customers	78.04% 4.01% 0.67% 0.45% 0.11%	16.72%	100.00%	
t 비	102.83% 151.39% 175.66% 116.35% 46.67%	87.90%		
Proposed Increase Dollar Perce Amount Amou	23.73 56.52 110.98 187.34 693.01	24.29		
<u>les</u> Proposed <u>Rates</u>	46.81 \$ 93.85 174.16 348.36 2,177.88	51.93		
Revenues Present Pr	23.08 \$ 37.33 63.18 161.02 \$ 1,484.88 \$	27.63		
Average Consumption	12,068 \$ 10,724 7,112 79,144 992,500	15,943		
Year End Number of Customers at at 9/30.03	700 36 6 4	150	897	
Customer Classification and/or Meter Size				
•	2 5/8 Inch 3 1 Inch 4 1.5 Inch 5 2 Inch 6 4 Inch 7	9 Standpipe 10 11	12 13 Totals 14 15 16	18

19

Las Quintas Serenas Water Company With 8.00% Loan
Customer Count Summary
Test Year Ended September 30, 2003

Exhibit Schedule H-2 Page 2 Witness: Kozoman

Meter Classification	Month of Oct-02	Month of Nov-02	Month of <u>Dec-02</u>	Month of <u>Jan-03</u>	Month of <u>Feb-03</u>	Month of <u>Mar-03</u>	Month of <u>Apr-03</u>
5/8 Inch	676	676	679	679	680	696	690
1 Inch	36	36	36	36	36	36	36
1.5 Inch	8	8	8	8	8	8	8
2 Inch	4	4	4	4	4	4	4
4 Inch	-	-	-	•	-	-	-
Standpipe	144	142	139	140	139	141	140
Totals	868	866	866	867	867	885	878
Meter Classification	Month of <u>May-03</u>	Month of <u>Jun-03</u>	Month of <u>Jul-03</u>	Month of <u>Aug-03</u>	Month of <u>Sep-03</u>	Total Year	Change from Beginning of Year to
Wotor Glassingation	IVIQY-00			-	<u> </u>		Year End
5/8 Inch	687	- 692	- 696	704	700	0.050	-
1 Inch	36	36	36	701 36	700	8,252	24
1.5 Inch	8	8		8	36	432	- (0)
2 Inch	4	4	8 4	4	6 4	94	(2)
4 Inch	-	-	-	1	1	48 2	- 1
	-	-	-	- -	<u>-</u> .		,
Standpipe	141	145	147	151	150	1,719	6
	•	-	-	•	-	-	_
	-	-	-	-	-	_	_
Totals	876	885	891	901	897	10.547	29

Las Quintas Serenas Water Company With 8.00% Loan Gallons Sold Summary Test Year Ended September 30, 2003

Page 3 Witness: Kozoman Schedule H-2 Exhibit

Month of <u>May-03</u>	7,664,112 345,151 60,800 307,800	2,021,202	
Month of <u>Apr-03</u>	6,806,913 516,850 48,800 264,800	1,794,754	
Month of <u>Mar-03</u>	5,233,761 301,951 79,601 196,800	1,467,055	
Month of <u>Feb-03</u>	7,091,856 388,051 39,800 240,800	2,192,053	
Month of <u>Jan-03</u>	5,433,510 360,401 37,800 201,800	1,695,702	
Month of <u>Dec-02</u>	6,905,058 414,401 43,800 282,100	2,292,603	
Month of <u>Nov-02</u>	7,784,157 442,051 51,800 366,800	2,262,954	
Month of <u>Oct-02</u>	7,785,356 352,701 61,800 424,800	2,193,504	
Meter Classification	5/8 Inch 1 Inch 1.5 Inch 2 Inch 4 Inch	Standpipe	

Actual Gallons Sold	10,818,161	10,907,761	9,937,961	7,729,213	9,952,559	7,279,168	9,432,117	10,399,064
Meter Classification	Month of <u>Jun-03</u>	Month of Jul-03	Month of Aug-03	Month of Sep-03	Total <u>Year</u>	Percent of Total Water Usage	Revenue Annual- ization Gallons	Total <u>Gallons</u>
5/8 Inch 1 Inch 1.5 Inch 2 Inch 4 Inch	12,633,810 313,900 48,350 377,800	12,990,056 386,251 51,350 467,800	10,949,960 407,601 74,800 335,800 1,112,450	8,310,159 403,502 69,800 331,800 873,450	99,588,705 4,632,808 668,501 3,798,900 1,985,900	72.12% 3.36% 0.48% 2.75% 1.44%	100,800	99,689,505 4,632,808 518,826 3,798,900
Standpipe	3,242,253 -	3,765,953	2,471,604	2,005,805	27,405,440	0.00% 0.00% 19.85%	1,218,050	28,623,489
	1 1	. 1 . 1	1 1	1 1				1 1 1
Total Water Actually Sold	16,616,112	17,661,409	15,352,215	11,994,516	- 138,080,253	100.00%	7,397,175	145,477,428

145,477,428

Las Quintas Serenas Water Company With 8.00% Loan
Present and Proposed Rates Including Estimated Surcharge for ARSM Surcharge
Estimated Operation & Maintenance Expense Associated with Arsenic Treatment Plant Test Year Ended September 30, 2003

Exhibit Schedule H-3 Page 1 Witness: Kozoman

Line <u>No.</u>	Customer Classifi	ication		Present <u>Rates</u>		Proposed <u>Rates</u>		Percent <u>Change</u>	
1	Monthly Usage Ch	parge for:				(a)			
2	5/8 x 3/4 Inch	large for:	\$	10.00	\$	31.99		219.90%	
3	3/4 Inch		•	22.50	•	55.48		146.58%	
4	1 Inch			25.00		79.97		219.88%	
5	1 1/2 Inch			55.00		164.95		199.91%	
6	2 Inch			70.00		245.92		251.31%	
7	3 Inch			125.00		476.83		281.46%	
8	4 Inch			225.00		774.74		244.33%	
9	6 Inch			350.00		1,449.48		314.14%	
10	Standpipe			10.10		32.09		217.72%	
	Stanupipe			70.10		92.00		217.7270	
11	Callana in aluda din	Minimum all motors but 4"							
12	Gallons included in	Minimums all meters but 4"				-			
13									
14	Tier 1: Gallons upper			4 000		4 000		A1/A	
15	5/8 x 3/4 Inch	All (a)		4,000		4,000		N/A	
16	34 Inch	All (a)		4,000		4,000		N/A	
17	1 Inch	All (a)		40,000		40,000		N/A	
18	1.5 Inch	All (a)		100,000		100,000		N/A	
19	2 inch	Ali (a)		150,000		150,000		N/A	
20	3 Inch	All (a)						N/A	
21	4 Inch	All (a)		400,000		400,000		N/A	
22	6 Inch	All (a)		400,000		400,000		N/A	
23	Standpipe	All (a)		4,000		4,000		N/A	
24									
25		<u>er limit, up to, but not exceeding)</u>							
26	5/8 x 3/4 Inch	All (b)		23,000		23,000		N/A	
27	3/4 Inch	All (b)		23,000		23,000		N/A	
28	1 Inch	All (b)		40,001		99,999,999		N/A	
29	1.5 Inch	Aii (b)		100,001	!	99,999,999		N/A	
30	2 Inch	All (b)		150,001	!	99,999,999		N/A	
31	3 Inch	All (b)				99,999,999		N/A	
32	4 Inch	All (b)		400,001		99,999,999		N/A	
33	6 Inch	All (b)		400,001		99,999,999		N/A	
34	Tier 3: (Gallon uppe	er limit, up to, but not exceeding)							
35	5/8 x 3/4 Inch			23,001		23,001		N/A	
36	3/4 Inch			23,001		23,001		N/A	
37	1 Inch		!	99,999,999	ç	99,999,999		N/A	
38	1.5 Inch			99,999,999		99,999,999		N/A	
39	2 Inch			99,999,999		99,999,999		N/A	
40	3 Inch			99,999,999		99,999,999		N/A	
41	4 Inch			99,999,999		99,999,999		N/A	
42	6 Inch		9	99.999.999	ç	99,999,999		N/A	
43	Commodity Rates (p	er 1,000 gallons in excess of ga	llons	in Each Tier	r) ¯	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		14/73	
44	All		Tier		\$	0.950	\$	1.094342290	45 400/
45	All		Tier		*	1.150	\$	1.294352290	15.19%
46	All		Tier			1.150	₽ \$		12.55%
47	All		Tier			1.350	Ф \$	1.494352290	10.69%
		•		•		1.550	Φ	1.494352290	10.69%

Las Quintas Serenas Water Company Using Metered Customers at September 30, 2003 and Equivalent 5/8 Inch Meters

Exhibit Schedule H-3 Page 2 Witness: Kozoman

Line <u>No.</u>		Test Year Customers At	Corporation Commission Equivalent 5/8 Inch Conversion	Equivalent Monthly 5/8 Inch	Equivalent Annual 5/8 Inch Meters Times 12
1	<u>Meter Size</u>	9/30/2003	<u>Factor</u>	<u>Meters</u>	<u>Months</u>
2	5/8 x 3/4 Inch Meter	700	1	700	8,400
3	3/4 Inch Meter	-	1.5	-	-
4	1 Inch Meter	36	2.5	90	1,080
5	1 1/2 Inch Meter	6	5	30	360
6	2 Inch Meter	4	8	32	384
7	3 Inch Meter		16	-	-
8	4 Inch Meter	1	25	25	300
9	6 Inch Meter		50	-	
10	Standpipe	150	1	150	1,800
11		897	-	1,027	12,324

Exhibit A - 11

Las Quintas Serenas Water Company
Monthly Customer Charge
And Annual Arsenic Surcharge Mechanism Collections

41 42 43 Witness: Kozoman

Line No.								
1	Assumed Interest Rate					8.00%		
2	Annual Payment with Income					0.0070		
3	Tax on Principal Payment				\$	269,734		
4	Plus Amortization of Loan Orgination	s Fees over 1	10 years (a)		Ψ.	1,267		
5	(3/4 of a Point Origination Fee plus		,			.,		
6	Total Annual Loan Cost with Amortiz		nation Fees			271,001		
7		9				•		
8	Equivalent 5/8 Inch Meter (Please se	e Schedule F	l-3, Page 2)					
9	billings for full year					12,324		
10								
11	Customer Monthly Payment per							
12	Equivalent 5/8 Inch Meter				\$	21.99		
13	(Line 6 divided by Line 12)							
14								
15	Monthly Customer Payment by I	<u>/leter Size</u>						
16								
17								
18		N. A. a. a. A. la J. v.		N. C. and L. L.		A		
19	Mateu Ci	Monthly	Mataus	Monthly		Annual		
20 21	Meter Size 5/8 x 3/4 Inch Meter \$	<u>Charge</u> 21.99	<u>Meters</u>	Revenue	_	Revenue		
21	•	21.99 32.98	700	•	\$	184,713		
23	3/4 Inch Meter 1 Inch Meter	54.97	0 36	- 1,979		- 23,749		
23 24	1 1/2 Inch Meter	109.95	ან 6	1,979		23,749 7,916		
25	2 Inch Meter	175.92	4	704		7,910 8,444		
26	3 Inch Meter	351.83	0	704		0,444		
27	4 Inch Meter	549.74	1	550		6,597		
28	6 Inch Meter	1,099.48	0	-		0,597		
29	Standpipe	21.99	150	3,298		39,581		
30	Clariapipo	21.00	100_	0,200				
31	Totals		897	\$ 22,583	\$	271,001		
32		=			<u> </u>			
33								
34	(a)				Loa	n Balance		
35	3/4 of 1.00% of Loan Balance Origina	ation Fee			\$	1,648,750	=	\$ 12,366
36	\$300 Origination Fee							300
37	Total Loan Origination Fee							\$ 12,666
38	Amortized Over Ten Years							10
39	Annual Amortization (Line 37 divided	by 10 years)						1,266.56
40								

Las Quintas Serenas Water Company

Monthly Customer Charge
And Annual Arsenic Surcharge Mechanism Collections

Line

42 43 Exhibit Schedule H-3 Page 3

Witness: Kozoman

Lille						\						
No.								0.000/				
1	Assumed Interest Rate							8.00%				
2	Annual Payment with Income											
3	Tax on Principal Payment						\$	269,734				
4	Plus Amortization of Loan Orgination			10 years (a)				1,267				
5	(3/4 of a Point Origination Fee plu											
6	Total Annual Loan Cost with Amort	iza	tion of Origir	nation Fees				271,001				
7												
8	Equivalent 5/8 Inch Meter (Please s	see	Schedule F	1-3, Page 2)							
9	billings for full year							12,324				
10												
11	Customer Monthly Payment per											
12	Equivalent 5/8 Inch Meter						\$	21.99				
13	(Line 6 divided by Line 12)											
14												
15	Monthly Customer Payment by	M	<u>eter Size</u>									
16												
17												
18												
19			Monthly			Monthly		Annual				
20	Meter Size		<u>Charge</u>	<u>Meters</u>		Revenue		Revenue				
21	5/8 x 3/4 Inch Meter	\$	21.99	700	\$	15,393	\$	184,713				
22	3/4 Inch Meter		32.98	0		-		-				
23	1 Inch Meter		54.97	36		1,979		23,749				
24	1 1/2 Inch Meter		109.95	6		660		7,916				
25	2 Inch Meter		175.92	4		704		8,444				
26	3 Inch Meter		351.83	0		-		-				
27	4 Inch Meter		549.74	1		550		6,597				
28	6 Inch Meter		1,099.48	0		-		· <u>-</u>				
29	Standpipe		21.99	150		3,298		39,581				
30			_									
31	Totals			897	\$	22,583	\$	271,001				
32			=									
33												
34	(a)						Loa	an Balance				
35	3/4 of 1.00% of Loan Balance Origin	nati	on Fee					1,648,750	=	1	\$ 12,3	66
36	\$300 Origination Fee						~	.,0 10,100	-	•		
37	Total Loan Origination Fee									-		00
38	Amortized Over Ten Years									•	\$ 12,6	
39	Annual Amortization (Line 37 divided	d b	y 10 years)							_	1,266.	10
40	·		,							=	1,200.	30
41												
40												

Las Quintas Serenas Water Company Combined Monthly Minimum and ARSM Charge

Exhibit Schedule H-3 Page 4 Witness: Kozoman

Line			onthly inimum		ARSM		mbined
<u>No.</u>		IVI	mmum	<u></u>	Charge	7	:harge
1	<u>Meter Size</u>						
2	5/8 x 3/4 Inch Meter	\$	10.00	\$	21.99	\$	31.99
3	3/4 Inch Meter		22.50		32.98		55.48
4	1 Inch Meter		25.00		54.97		79.97
5	1 1/2 Inch Meter		55.00		109.95		164.95
6	2 Inch Meter		70.00		175.92		245.92
7	3 Inch Meter		125.00		351.83		476.83
8	4 Inch Meter		225.00		549.74		774.74
9	6 Inch Meter	:	350.00	1,	099.48	1,	449.48
10	Standpipe		10.10		21.99		32.09
11							

12

13

Las Quintas Serenas Water Company
Customer Charge for Operation and Maintenance
Cost of Arsenic Treatment Plant

Exhibit Schedule H-3 Page 5 Witness: Kozoman

Estimated Operating Cost from Severn Trent	\$ 21,000
Net Revenue Requirement	\$ 21,000
Gallons Sold in Test Year ended September 30, 2003 in 1,000's of gallons from Schedule H-2, Page 2	145,477
Treatment Charge per 1,000 gallons	0.14435229

Las Quintas Serenas Water Company With 8.00% Loan Bill Comparison of Present and Proposed Rates Customer Classification Residential 5/8 Inch Test Year Ended September 30, 2003 Exhibit Schedule H-4 Page 1 Witness: Kozoman

	Present	F	roposed		Dollar	Percent			
<u>Usage</u>	Bill		Bill	1	ncrease	<u>Increase</u>			
- \$	10.00	\$	31.99	\$	21.99	219.90%			
900	10.86		32.97	\$		203.78%	Present Rates:		
1,900	11.81		34.07	\$	22.26	188.60%	Monthly Minimum:	\$	10.00
2,900	12.76		35.16	\$	22.41	175.68%	Gallons in Minimum		-
3,900	13.71		36.26	\$	22.55	164.56%	Charge Per 1,000 Gallons	į	
4,900	14.84		37,53	\$	22.70	153.00%	Up to 4,000) \$	0.95
5,900	15.99		38.83	\$		142.89%	Up to 23,000		
6,900	17.14		40,12	\$		134.15%	Over 23,001		
7,900	18.29		41.42	\$		126.50%	Over 23,001		
8,900	19.44		42.71	\$	23.27	119.76%		•	
9,900	20.59		44.00	\$	23.42	113.77%			
10,900	21.74		45.30	\$	23.56	108.41%	Proposed Rates:		
11,900	22.89		46.59	\$	23.71	103.60%	Monthly Minimum:	\$	31.99
12,900	24.04		47.89	\$	23.85	99.24%	Gallons in Minimum	•	-
13,900	25.19		49.18	\$	24.00	95.28%	Charge Per 1,000 Gallons		
14,900	26.34		50.48	\$	24.14	91.67%	Up to 4,000		1.09434229
15,900	27.49		51.77	\$	24.29	88.36%	Up to 23,000		1.29435229
16,900	28.64		53.06	\$	24.43	85.31%	Over 23,001		1.49435229
17,900	29.79		54.36	\$		82.50%	Over 23,001		1.49435229
18,900	30.94		55.65	\$	24.72	79.90%	Over 25,001	Ψ	1.43435223
19,900	32.09		56.95	\$	24.86	73.30 <i>%</i> 77.49%			
20,900	33.24		58.24	\$	25.01	77.43 <i>%</i> 75.24%			
21,900	34.39		59.54	\$	25.15				
						73.15%			
22,900	35.54		60.83	\$	25.30	71.19%			
23,900	36.87		62.30	\$	25.44	69.01%			
24,900	38.22		63.80	\$	25.58	66.95%			
25,900	39.57		65.29	\$	25.73	65.03%			
26,900	40.92		66.79	\$	25.87	63.24%			
27,900	42.27		68.28	\$	26.02	61.56%			
28,900	43.62		69.78	\$	26.16	59.98%			
29,900	44.97		71.27	\$	26.31	58.50%			
30,900	46.32		72.77	\$	26.45	57.11%			
31,900	47.67		74.26	\$	26.59	55.80%			
32,900	49.02		75.75	\$	26.74	54.55%			
33,900	50.37		77.25	\$	26.88	53.38%			
34,900	51.72		78.74	\$	27.03	52.26%			
35,900	53.07		80.24	\$		51.21%			
36,900	54.42		81.73	\$	27.32	50.20%			
37,900	55.77		83.23	\$	27.46	49.24%			
38,900	57.12		84.72	\$	27.61	48.33%			
39,900	58.47		86.21	\$	27.75	47.46%			
Average Usag									
12,068 \$	23.08	\$	46.81	\$	23.73	102.83%			
Median Usage									
8,450 \$	18.92	\$	42.13	\$	23.21	122.69%			

Las Quintas Serenas Water Company With 8.00% Loan
Bill Comparison of Present and Proposed Rates
Customer Classification Residential 1 Inch
Test Year Ended September 30, 2003

Exhibit Schedule H-4 Page 2

Witness: Kozoman

		Present	F	Proposed		Dollar	Percent		
<u>Usage</u>	2	<u>Bill</u>		<u>Bill</u>		<u>ncrease</u>	<u>Increase</u>		
•	\$	25.00	;	\$ 79.97			219.88%		_
90	00	26.04		81.13			211.64%	Present Ra	
1,90	00	27.19		82.43			203.22%	Monthly Mir	
2,90	00	28.34		83.72			195.48%	Gallons in N	
3,90	00	29.49		85.02	\$	55.53	188.34%	Charge Per	1,000 G
4,90		30.64		86.31	\$	55.68	181.74%	Up to	4
5,90		31.79		87.61	\$	55.82	175.62%	Over	4
6,90		32.94		88.90			169.93%	Over	4
7,90		34.09		90.20			164.62%	Over	4
8,90		35.24		91.49	\$	56.25	159.66%		
9,90		36.39		92.78	\$	56.40	155.01%		
10,90		37.54		94.08	\$	56.54	150.64%	Proposed I	Rates:
11,90		38.69		95.37			146.54%	Monthly Mir	
12,90		39.84		96.67			142.67%	Gallons in N	
13,90		40.99		97.96			139.02%	Charge Per	
14,90		42.14		99.26			135.57%	Up to	4
15,90		43.29		100.55	\$		132.30%	Over	4
16,90		44.44		101.84			129.20%	Over	4
17,90		45.59		103.14	\$		126.26%	Over	4
18,90		46.74		104.43	\$	57.70	123.46%	Over	71
19,90		47.89		105.73	\$	57.84	120.79%		
20,90		49.04		107.02	\$	57.99	118.26%		
						58.13			
21,90		50.19		108.32	\$		115.83%		
22,90		51.34		109.61	\$	58.28	113.52%		
23,90		52.49		110.91	\$	58.42	111.31%		
24,90		53.64		112.20	\$	58.56	109.19%		
25,90		54.79		113.49	\$	58.71	107.16%		
26,90		55.94		114.79	\$	58.85	105.22%		
27,90		57.09		116.08	\$	59.00	103.35%		
28,90		58.24		117.38	\$	59.14	101.56%		
29,90		59.39 60.54		118.67	\$	59.29	99.83%		
30,90				119.97	\$	59.43	98.18%		
31,90		61.69		121.26	\$	59.57	96.58%		
32,90 33,90		62.84		122.55	\$	59.72	95.04%		
34,90		63.99 65.14		123.85	\$ \$	59.86	93.56%		
35,90		66.29		125.14	Φ \$	60.01	92.13%		
36,90		67.44		126.44		60.15	90.75%		
37,90		68.59		127.73 129.03	\$	60.30	89.41%		
38,90		69.74			\$	60.44	88.13%		
39,900		70.89		130.32	\$		86.88%		
40,900		70.09		131.61	\$		85.67%		
41,900		73.57		133.09	\$	60.87	84.30%		
42,900		74.92		134.58 136.08	\$	61.02	82.94%		
43,900		76.27		137.57	\$ \$	61.16 61.31	81.64%		
44,900		77.62		139.07	\$	61.45	80.39%		
45,900		78.97		140.56	\$	61.60	79.17%		
46,900		80.32		142.06	\$	61.74	78.00%		
47,900		81.67		143.55			76.87%		
48,900		83.02			\$	61.88	75.78%		
49,900				145.04	\$	62.03	74.72%		
50,900		84.37		146.54	\$	62.17	73.70%		
Average t		85.72		148.03	\$	62.32	72.70%		
10,724			æ	Oa or	æ	E0 50	454.000		
Median U		37.33	\$	93.85	\$	56.52	151.39%		
12,450		39.32	\$	96.08	œ	56 77	144 200/		
· ~, ¬00	Ψ	00.02	Ψ	30.00	\$	56.77	144.38%		

Charge Per 1	,000 Gallons		
Up to	40,000	\$	1.15
Over	40,001	\$	1.35
Over	40,001	\$	1.35
Over	40,001	\$	1.35
Proposed Ra	ites:		
Monthly Minir	num:	\$	79.97
Gallons in Mir			-
Charge Per 1	,000 Gallons		
Up to	40,000	\$1.2	9435229
Over	40,001	\$1.4	9435229
Over	40,001	\$ 1.4	9435229
Over	40 001	\$1.4	9435229

\$

25.00

Las Quintas Serenas Water Company With 8.00% Loan
Bill Comparison of Present and Proposed Rates
Customer Classification Residential 1 1/2 Inch

Test Year Ended September 30, 2003

Exhibit Schedule H-4 Page 3 Witness: Kozoman

	Present	Proposed	Dollar	Percent				
<u>Usage</u>	<u>Bill</u>	<u>Bill</u>	<u>Increase</u>	<u>Increase</u>				
- \$	55.00	\$ 164.95	\$ 109.95	199.91%				
900	56.04	166.11	\$ 110.08	196.45%	Present Rate			
1,900	57.19	167.41	\$ 110.22	192.75%	Monthly Minir		\$	55.00
2,900	58.34	168.70	\$ 110.37	189.20%	Gallons in Mi			-
3,900	59.49	170.00	\$ 110.51	185.78%	Charge Per 1		_	
4,900	60.64	171.29	\$ 110.66	182.50%	Up to	100,000	\$	1.15
5,900	61.79	172.59	\$ 110.80	179.33%	Over	100,001	\$	1.35
6,900	62.94	173.88	\$ 110.95	176.29%	Over	100,001	\$	1.35
7,900	64.09	175.18	\$ 111.09	173.35%	Over	100,001	\$	1.35
8,900	65.24	176.47	\$ 111.23	170.51%				
9,900	66.39	177.76	\$ 111.38	167.78%		4 -		
10,900	67.54	179.06	\$ 111.52	165.13%	Proposed Ra			404.05
11,900	68.69	180.35	\$ 111.67	162.58%	Monthly Minin		\$	164.95
12,900	69.84	181.65	\$ 111.81	160.11%	Gallons in Mir			•
13,900	70.99	182.94	\$ 111.96	157.72%	Charge Per 1	•	• 4	00405000
14,900	72.14	184.24	\$ 112.10	155.40%	Up to	100,000		29435229
15,900	73.29	185.53	\$ 112.25	153.16%	Over	100,001		49435229
16,900	74.44	186.82	\$ 112.39	150.99%	Over	100,001		49435229
17,900	75.59	188.12	\$ 112.53	148.88%	Over	100,001	\$ 1.	49435229
18,900	76.74	189.41	\$ 112.68	146.84%				
19,900	77.89	190.71	\$ 112.82	144.86%				
20,900	79.04	192.00	\$ 112.97	142.93%				
21,900	80.19	193.30	\$ 113.11	141.06%				
22,900	81.34	194.59	\$ 113.26	139.25%				
23,900	82.49	195.89	\$ 113.40	137.48%				
24,900	83.64	197.18	\$ 113.54	135.76%				
25,900	84.79	198.47	\$ 113.69	134.09%				
26,900	85.94	199.77	\$ 113.83	132.46%				
27,900	87.09	201.06	\$ 113.98	130.88%				
28,900 29,900	88.24	202.36	\$ 114.12	129.34%				
30,900	89.39	203.65	\$ 114.27 \$ 114.41	127.84%				
31,900	90.54 91.69	204.95 206.24	\$ 114.41	126.37%				
32,900	92.84	207.53	\$ 114.70	124.94% 123.55%				
33,900	93.99	208.83	\$ 114.70	123.33%				
34,900	95.14	210.12	\$ 114.99	120.87%				
35,900	96.29	211.42	\$ 115.13	119.57%				
36,900	97.44	212.71	\$ 115.13	118.31%				
37,900	98.59	214.01	\$ 115.42	117.08%				
38,900	99.74	215.30	\$ 115.57	115.87%				
39,900	100.89	216.59	\$ 115.71	114.69%				
40,900	102.04	217.89	\$ 115.85	113.54%				
41,900	103.19	219.18	\$ 116.00	112.42%				
42,900	104.34	220.48	\$ 116.14	111.32%				
43,900	105.49	221.77	\$ 116.29	110.24%				
44,900	106.64	223.07	\$ 116.43	109.19%				
45,900	107.79	224.36	\$ 116.58	108.16%				
46,900	108.94	225.66	\$ 116.72	107.15%				
47,900	110.09	226.95	\$ 116.86	106.16%				
Average Usage		-		•				
7,112 \$	63.18	\$ 174.16	\$ 110.98	175.66%				
Median Usage								
3,450 \$	58.97	\$ 169.42	\$ 110.45	187.30%				

Las Quintas Serenas Water Company With 8.00% Loan
Bill Comparison of Present and Proposed Rates
Customer Classification Residential 2 Inch

Page 4 Witness: Kozoman

Exhibit Schedule H-4

Test Year Ended September 30, 2003	
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		Present		Proposed	Ł	Dollar	Percent
<u>Usage</u>		Bill		Bill		ncrease	<u>Increase</u>
<u></u>	\$	70.00		\$ 245.92			251.31%
900	•	71.04		247.08			247.84%
1,900		72.19		248.38			244.09%
2,900		73.34		249.67			240.46%
3,900		74.49		250.97			236.94%
4,900		75.64		252.26			233.53%
5,900		76.79		253.56			230.22%
6,900		77.94		254.85	- 1		227.00%
7,900		79.09		256.15			223.89%
8,900		80.24		257.44			220.86%
9,900		81.39		258.73			217.91%
10,900		82.54		260.03			215.05%
11,900		83.69		261.32	\$		212.27%
12,900		84.84		262.62	\$		209.56%
13,900		85.99		263.91	\$		206.93%
14,900		87.14		265.21	\$		204.36%
15,900		88.29		266.50	\$		201.86%
16,900		89.44		267.79	\$	178.36	199.43%
17,900		90.59		269.09	\$	178.50	197.06%
18,900		91.74		270.38	\$	178.65	194.74%
19,900		92.89		271.68	\$	178.79	192.49%
20,900		94.04		272.97	\$	178.94	190.29%
21,900		95.19		274.27	\$	179.08	188.14%
22,900		96.34		275.56	\$	179.23	186.04%
23,900		97.49		276.86	\$	179.37	184.00%
24,900		98.64		278.15	\$	179.51	182.00%
25,900		99.79		279.44	Ψ \$	179.66	
26,900		100.94		280.74	Ψ \$	179.80	180.05% 178.14%
27,900		102.09		282.03	\$	179.00	
28,900		103.24		283.33	\$	180.09	176.27%
29,900		104.39		284.62	φ \$	180.09	174.45%
30,900		105.54		285.92	Ψ \$	180.24	172.66%
31,900		106.69		287.21	\$	180.52	170.92%
32,900		107.84		288.50		180.67	169.21%
33,900		108.99		289.80		180.81	167.54%
34,900		110.14		291.09	φ \$	180.96	165.91% 164.31%
35,900		111.29		292.39		181.10	162.74%
36,900		112.44		293.68		181.25	161.20%
37,900		113.59		294.98		181.39	159.70%
38,900		114.74		296.27		181.54	158.22%
39,900		115.89		297.56		181.68	156.78%
40,900		117.04		298.86		181.82	155.36%
41,900		118.19		300.15		181.97	153.97%
42,900		119.34		301.45		182.11	152.61%
43,900		120.49		302.74		182.26	151.27%
44,900		121.64		304.04		182.40	149.96%
45,900		122.79		305.33		182.55	149.90%
46,900		123.94		306.63		182.69	140.07%
Average Usa	пe	120.07		500.05	Ψ	102.08	141.41%
79,144 \$	_	161.02	¢	348.36	¢.	187.34	116 250/
Median Usag		101.02	Ψ	540.50	Ψ	107.34	116.35%
192,450 \$		299.81	\$	503.51	\$ 1	203.70	67.94%
,			Ψ	300.01	Ψ	-55.70	01.3470

Present Rates:

Monthly Minimum	n:	\$ 70.00
Gallons in Minimu	-	
Charge Per 1,000) Gallons	
Up to	150,000	\$ 1.15
Up to	150,001	\$ 1.35
Over	150,001	\$ 1.35
Over	150,001	\$ 1.35

Proposed Rates:

Monthly Minimum:			245.92
Gallons in Minir		-	
Charge Per 1,0	00 Gallons		
Up to	150,000	\$1	.294352
Over	150,001	\$1	.494352
Over	150,001	\$1	.494352
Over	150,001	\$1	.494352

Las Quintas Serenas Water Company With 8.00% Loan Bill Comparison of Present and Proposed Rates Customer Classification 4 Inch Test Year Ended September 30, 2003

Exhibit Schedule H-4 Page 5 Witness: Kozoman

	Present	Proposed	Dollar	Percent				
Usage	<u>Bill</u>	Bill	Increase	<u>Increase</u>				
100,000	\$ 340.00	\$ 904.18	\$ 564.18	165.93%				
150,000	397.50	968.89	571.39	143.75%	Present Ra	tes:		
200,000	455.00	1,033.61	578.61	127.17%	Monthly Mir	imum:	\$	225.00
250,000	512.50	1,098.33	585.83	114.31%	Gallons in N	/linimum		-
300,000	570.00	1,163.05	593.05	104.04%	Charge Per	1,000 Gallons		
350,000	627.50	1,227.76	600.26	95.66%	Up to	400,000	\$	1.15
400,000	685.00	1,292.48	607.48	88.68%	Up to	400,001	\$	1.35
450,000	752.50	1,367.20	614.70	81.69%	Over	400,001	\$	1.35
500,000	820.00	1,441.92	621.92	75.84%	Over	400,001	\$	1.35
550,000	887.50	1,516.63	629.13	70.89%				
600,000	955.00	1,591.35	636.35	66.63%				
650,000	1,022.50	1,666.07	643.57	62.94%	Proposed F	Rates:		
700,000	1,090.00	1,740.79	650.79	59.71%	Monthly Min		\$	774.74
750,000	1,157.50	1,815.50	658.00	56.85%	Gallons in M			_
800,000	1,225.00	1,890.22	665.22	54.30%	Charge Per	1,000 Gallons		
850,000	1,292.50	1,964.94	672.44	52.03%	Up to	400,000	\$	1.294352
900,000	1,360.00	2,039.66	679.66	49.97%	Over	400,001	\$	1.494352
950,000	1,427.50	2,114.37	686.87	48.12%	Over	400,001	\$	1.494352
1,000,000	1,495.00	2,189.09	694.09	46.43%	Over	400,001	\$	1.494352
1,050,000	1,562.50	2,263.81	701.31	44.88%			•	
1,100,000	1,630.00	2,338.53	708.53	43.47%				
1,150,000	1,697.50	2,413.25	715.75	42.16%				
1,200,000	1,765.00	2,487.96	722.96	40.96%				
1,250,000	1,832.50	2,562.68	730.18	39.85%				
1,300,000	1,900.00	2,637.40	737.40	38.81%				
1,350,000	1,967.50	2,712.12	744.62	37.85%				
1,400,000	2,035.00	2,786.83	751.83	36.95%				
1,450,000	2,102.50	2,861.55	759.05	36.10%				
1,500,000	2,170.00	2,936.27	766.27	35.31%				
1,550,000	2,237.50	3,010.99	773.49	34.57%				
1,600,000	2,305.00	3,085.70	780.70	33.87%				
1,650,000	2,372.50	3,160.42	787.92	33.21%				
1,700,000	2,440.00	3,235.14	795.14	32.59%				
1,750,000	2,507.50	3,309.86	802.36	32.00%				
1,800,000	2,575.00	3,384.57	809.57	31.44%				
1,850,000	2,642.50	3,459.29	816.79	30.91%				
1,900,000	2,710.00	3,534.01	824.01	30.41%				
1,950,000	2,777.50	3,608.73	831.23	29.93%				
Average Usage								
992,500	1,484.88	2,177.88	693.01	46.67%				
Midian Usage				, , , , , , , , , , , , , , , , , , ,				
993,400	1,486.09	2,179.23	693.14	46.64%				

Las Quintas Serenas Water Company With 8.00% Loan Bill Comparison of Present and Proposed Rates Classification Standpipe Water Test Year Ended September 30, 2003 Customer Classification

(Excludes all Revenue Related Taxes)

	F	Present	Į	Proposed		Dollar	Percent
<u>Usage</u>		<u>Bill</u>		<u>Bill</u>		<u>Increase</u>	Increase
-	\$	10.10	\$			\$ 21.99	217.72%
900		10.96		33.07		22.12	201.92%
1,900		11.91		34.17	,	22.26	187.02%
2,900		12.86		35.26		22.41	174.32%
3,900		13.81		36.36		22.55	163.37%
4,900		14.94		37.63		22.70	151.97%
5,900		16.09		38.93		22.84	142.01%
6,900		17.24		40.22		22.99	133.37%
7,900		18.39		41.52		23.13	125.81%
8,900		19.54		42.81		23.27	119.14%
9,900		20.69		44.10		23.42	113.22%
10,900		21.84		45.40		23.56	107.92%
11,900		22.99		46.69		23.71	103.14%
12,900		24.14		47.99		23.85	98.83%
13,900		25.29		49.28		24.00	94.90%
14,900		26.44		50.58		24.14	91.32%
15,900		27.59		51.87		24.29	88.04%
16,900		28.74		53.16		24.43	85.02%
17,900		29.89		54.46		24.57	82.23%
18,900		31.04		55.75		24.72	79.65%
19,900		32.19		57.05		24.86	77.25%
20,900		33.34		58.34		25.01	75.02%
21,900		34.49		59.64		25.15	72.93%
22,900		35.64		60.93		25.30	70.99%
23,900		36.97		62.40		25.44	68.82%
24,900		38.32		63.90		25.58	66.77%
25,900		39.67		65.39		25.73	64.86%
26,900		41.02		66.89		25.87	63.08%
27,900		42.37		68.38		26.02	61.41%
28,900		43.72		69.88		26.16	59.85%
29,900		45.07		71.37		26.31	58.37%
30,900		46.42		72.87		26.45	56.99%
31,900		47.77		74.36		26.59	55.68%
32,900		49.12		75.85		26.74	54.44%
33,900		50.47		77.35		26.88	53.27%
34,900		51.82		78.84		27.03	52.16%
35,900		53.17		80.34		27.17	51.11%
36,900		54.52		81.83		27.32	50.11%
37,900		55.87		83.33		27.46	49.16%
38,900		57.22		84.82		27.61	48.25%
39,900		58.57		86.31		27.75	47.38%
40,900		59.92		87.81		27.89	46.56%
41,900		61.27		89.30		28.04	45.77%
42,900		62.62		90.80		28.18	45.01%
43,900		63.97		92.29		28.33	44.29%
44,900		65.32		93.79		28.47	43.59%
45,900 46,000		66.67		95.28		28.62	42.92%
46,900		68.02		96.78		28.76	42.28%
47,900		69.37		98.27		28.90	41.67%
48,900		70.72		99.76		29.05	41.08%
49,900		72.07		101.26		29.19	40.51%
50,900 51,000		73.42		102.75		29.34	39.96%
51,900 Average Usa	ac	74.77		104.25		29.48	39.43%
15,943 \$	_	27.63	\$	54.02	¢	24.20	27 000
Median Usag		21.03	Ψ	51.93	\$	24.29	87.90%
6,450 \$		16.72	\$	39.64	\$	22.02	127 440/
, 0,400 ф		10.72	Ψ	33.04	Ψ	22.92	137.11%

Exhibit Schedule H-4 Page 6 Witness: Kozoman

Present Rates: Monthly Minimum Gallons in Minimu Charge Per 1,000	\$	10.10	
Up to	4,000	\$	0.95
Up to	23,000	\$	1.15
Over	23,001	\$	1.35
Over	23,001	\$	1.35
Proposed Rates: Monthly Minimum	\$	32.09	
Gallons in Minimu			-
Charge Per 1,000 Up to Up to Over Over	4,000 23,000 23,001 23,001	\$1.294 \$1.494	1342290 1352290 1352290 1352290